

Types of Insurance Fraud and What You Can Do About Them

STAGED AUTO ACCIDENTS: Some people actually cause collisions to collect insurance payments for injuries that are either nonexistent or greatly exaggerated. In one form of staged accident, the car in front of you stops suddenly so you can't avoid a collision.

Another version of a staged accident occurs when you are merging into traffic or pulling out of a parking space. The fraud criminal indicates it's safe for you to proceed. He or she then intentionally smashes into your vehicle, and later claims to be injured and denies it was safe for you to proceed.

Staged auto accidents often are caused by organized fraud rings that include an attorney and a medical care provider.

What You Can Do?: If you see traffic slowing, apply the brake. Don't tailgate. If you are in a collision, count the number of passengers in the other cars, and if possible, get names, telephone and driver's license numbers. Often more people will file claims than were actually in the vehicle. Call the police to the scene and get a police report, even if there is little damage. If possible, take photographs of the damage to the other car(s) to help your insurance company dispute high auto repair bills to low impact damage.

SLIP-AND-FALL: Small businesses and fast food restaurants are targets of this form of fraud, in which a person pretends to slip and fall to the floor, often in a washroom, usually with no witnesses. Injuries may be exaggerated or nonexistent.

What You Can Do?: Business owners should notify their insurance companies of all claims, identifying those they believe are suspicious. If you're a customer who witnesses a slip-and-fall and are suspicious of its authenticity, notify a store employee.

MEDICAL PROVIDER FRAUD: This is the largest single fraud activity in the U.S., costing \$95 billion a year in losses. Some providers bill your insurance company for treatments not performed, or misrepresent the true cost of such services.

What You Can Do?: Review your medical bills. Make sure the treatments you were billed for were actually provided. If not, notify your insurance company. Be skeptical if your medical provider is prescribing excessive treatment for muscle sprains. Although the following practice is common and may be legitimate, be wary of medical providers who direct patients to a specific attorney and vice versa.

WORKER'S COMPENSATION FRAUD: Some employees falsely claim to be injured on the job when, in fact, the injury occurred outside the workplace. At other times, a real injury is exaggerated, and the dishonest employee receives benefits while sometimes working a second job. Worker's Compensation Fraud costs Americans \$5 billion a year.

What You Can Do?: If you suspect a co-worker of faking an injury, notify your employer. In some instances, the high costs associated with this fraud have forced layoffs and resulted in companies going out of business.

AGENT FRAUD: Unscrupulous insurance agents collect your premium payment and fail to forward it to the company responsible for paying your future claims — leaving you uninsured.

What You Can Do?: Never make a check payable solely to an agent. Never sign a blank check. If you are unfamiliar with the company named in the policy, check with the Arizona Department of Insurance to see if the company is licensed (1-800-325-2548 - in Arizona only; 602-912-8444 - in Phoenix only).

PHANTOM REPAIRS AND ESTIMATES: Crooked auto body shop owners offer to inflate the extent of damage to your vehicle to cover your deductible. In doing so, the shop owner over-bills the insurance company.

What You Can Do?: If you accept the offer, you would be committing insurance fraud, which is a felony. Politely decline the offer, then notify the insurance company responsible for payment.

OTHER FRAUD CRIMES

OWNER GIVE-UP FRAUD: An individual reports his vehicle stolen. Actually, he and a co-conspirator have sold the vehicle, often outside the country, at an inflated price. The owner collects twice: once on his insurance policy and then on the proceeds from the sale. In other owner give-ups, the vehicle is sold to a chop shop for its parts.

ARSON-FOR-PROFIT: An owner deliberately burns (or hires someone to burn) a business, home or vehicle for the purpose of collecting on an insurance policy.

FALSIFYING THEFT REPORTS: A property owner falsely reports items stolen or exaggerates the value of items taken in a burglary.

POLICY MISREPRESENTATION: Some individuals misrepresent information on an application to obtain lower premiums. However, insurers can deny or adjust claims and cancel policies if there is misrepresentation.

MULTIPLE POLICIES: An individual buys numerous policies insuring the same property (vehicle, artwork, etc.), and then reports an item stolen or destroyed collecting on all policies without disclosing the multiple coverage when the claim is filed.

NOTE: *In each of these cases, fraud criminals often boast about fleecing an insurance company. In truth, they have fleeced **you** and other honest insurance consumers who will pay higher premiums as result of the fraud.*

